

Message Text

PAGE 01 STATE 078232

61

ORIGIN EB-11

INFO OCT-01 AF-10 ADP-00 GSA-01 OEP-01 INT-08 COME-00

TRSE-00 EA-11 ARA-11 EUR-25 AID-20 CIAE-00 DODE-00

PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-12 CIEP-02 /167 R

DRAFTED BY EB/ ISM: JCCURRAN: RDM

4/25/73 EXT. 22231

APPROVED BY EB/ ICD: JBKYLE

AF/ N: RHPELLETREAU

AF: RSSMITH

----- 032724

P 252247 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY RABAT PRIORITY

LIMITED OFFICIAL USE STATE 078232

E. O. 11652: N/ A

TAGS: EIND, EMIN, ETRD, US, MO

SUBJECT: STOCKPILE DISPOSAL CONSULTATIONS

REF: STATE 70365

1. ON APRIL 19, AF DEPUTY ASSISTANT SECRETARY SMITH HELD CONSULTATION IN DEPARTMENT WITH MOROCCAN CHARGE BELKORA, AS INDICATED REFTEL. ALSO PRESENT WERE EB/ ISM DIV CHIEF CURRAN AND MOROCCO DESK OFFICER PELLETREAU. BELKORA WAS GIVEN COPIES OF PRESIDENT' S STOCKPILE MESSAGE TO CONGRESS, WHITE HOUSE FACT SHEET, DRAFT LEGISLATION, AND NEW OEP LIST OF STOCKPILE OBJECTIVES. SMITH THEN EXPLAINED PROPOSAL TO ACCELERATE EXISTING DISPOSAL PLAN, AS DESCRIBED REFTEL, FOR CHEMICAL GRADE MANGANESE ORE. DEPARTMENT DATA SHEET WAS ALSO PROVIDED, SHOWING ALL STOCKPILE DATA ON THIS COMMODITY CONTAINED REFTEL AND PRECEDING STOCKPILE DEPTELS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 078232

2. BELKORA RAISED THREE QUESTIONS: 1) WHAT WAS MAIN PURPOSE BEHIND NEW POLICY; 2) WAS THERE ANY RELATIONSHIP BETWEEN COMMODITIES USG SELECTED TO DISPOSE OF AND COUNTRIES THAT WOULD BE AFFECTED; AND 3) WOULD GSA' S PLAN TO DOUBLE

ANNUAL RATE OF SALE OF CHEMICAL GRADE MANGANESE ORE CLOSE
US MARKET TO MOROCCO?

3. IN RESPONSE TO FIRST QUESTION, SMITH EXPLAINED THAT,
AFTER LONG STUDY CONDUCTED BY USG, PRESIDENT HAD MADE BASIC

POLICY DECISION THAT MOST OF MATERIAL IN STOCKPILE IS NO
RPT NO LONGER NEEDED FOR NATIONAL SECURITY. IT WAS, THERE-
FORE, ONLY REASONABLE TO LIQUIDATE THIS ENORMOUS FIXED
ASSET OF SOME SIX BILLION DOLLARS TO REDUCE BUDGET DEFICIT
AND TO HELP FIGHT INFLATION. AS TO SECOND QUESTION, SOME
26 DIFFERENT COUNTRIES WERE AFFECTED: SEVERAL IN
AFRICA (MOROCCO, GABON, GHANA, LIBERIA, ZAIRE, NIGERIA,
SOUTH AFRICA), SEVERAL IN LATIN AMERICA, OTHERS IN EAST
ASIA. CANADA AND AUSTRALIA ARE PARTICULARLY INVOLVED AS
EACH PRODUCES SEVERAL OF SURPLUS COMMODITIES, BUT SOUTH
AFRICA HAS LARGEST NUMBER (12) OF SUCH COMMODITIES. IN
ADDITION, DOMESTIC MINING INDUSTRY IS DEFINITELY AFFECTED,
AS WELL AS SOME US INVESTMENT IN THIRD COUNTRIES.

4. THIRD QUESTION, OF MOST DIRECT CONCERN TO MOROCCO, ALSO
MOST DIFFICULT TO ANSWER. CURRAN EXPLAINED THAT US BUREAU
OF MINES DATA GENERALLY AGGREGATE ALL TYPES OF MANGANESE
(METALLURGICAL, CHEMICAL, BATTERY GRADE) AS DO US FOREIGN
TRADE STATISTICS. PRICE INFORMATION IS ALSO DIFFICULT TO
OBTAIN IN US BECAUSE ONLY THREE FIRMS HAVE BEEN IDENTIFIED
AS PURCHASERS OF SIGNIFICANT QUANTITIES OF MOROCCAN ORE
AND THEY HAVE NOT TO DATE DIVULGED MUCH INFORMATION. WE
UNDERSTAND PRESENT PRICE IS IN VICINITY 70 DOLS PER TON.
DEPARTMENT CONCERNED AT GAPS IN KNOWLEDGE AS GSA PROGRAM,
NOW SET AT 3000 TONS PER YEAR OF TYPE A ORE AND 7000 TONS
PER YEAR OF TYPE B ORE, IS PROPOSED TO BE DOUBLED TO TOTAL
OF 20,000.

5. IN GENERAL DISCUSSION WHICH ENSUED, DEPT SPOKESMEN
MADE FOLLOWING POINTS:
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 STATE 078232

A. US DATA INDICATE MOROCCAN PRODUCTION TYPES A
AND B ORE HAS FALLEN STEADILY SINCE 1969 LEVEL OF 123,000
TONS TO 101,000 TONS IN 1971. IN 1971, US TOOK 25,000 TONS
OF MOROCCO' S 100,534 TONS OF EXPORTED MANGANESE.

B. US CONSUMPTION APPEARS TO BE RUNNING AT ABOUT
56,000 TONS OF TYPE B ONLY, OF WHICH MOROCCO SUPPLIES
ROUGHLY HALF; REST COMES FROM UPGRADING CHEAPER BRAZILIAN
METALLURGICAL GRADE MATERIAL. AMERICAN TRADE SOURCES SAY
CHEMICAL GRADE ORE MARKET IS STAGNANT OR DECLINING.

C. IN PAST SEVERAL YEARS, USG AND GOM HAVE CONSULTED
ABOUT DISPOSAL PROGRAM THIS MATERIAL; IN 1967 AND 1970

MODIFICATIONS WERE MADE IN PROGRAM AFTER CONSULTATIONS.
AS RESULT OF LAST CONSULTATION (1970), GSA ADOPTED LIMITA-

TION ON TYPE B SALES, PROHIBITING ITS SALE FOR MANUFACTURE
INTO HYDROQUINONE, A CHEMICAL COMPOUND USED AS PHOTOGRA-
PHIC DEVELOPER AND IN MANUFACTURE OF SYNTHETIC RUBBER AND
PLASTICS.

D. IN PAST FEW YEARS, GSA HAS SOLD VIRTUALLY NO RPT
NO CHEMICAL GRADE MANGANESE ORE (600 TONS TO DATE IN FY
1973). WHILE WE LACKED SPECIFIC CONFIRMATION, IT APPEARED
THAT MOROCCAN (OR UPGRADED BRAZILIAN) ORE WAS ECONOMICALLY
MORE ATTRACTIVE BY REASON OF QUALITY AND CONDITION.

6. BELKORA AND DEPT OFFICERS AGREED TO ASSIST EACH
OTHER IN DEVELOPMENT FURTHER INFORMATION TO ASSESS POSSIBLE
IMPACT GSA SALES ON MOROCCAN, PRINCIPALLY IMINI MINE,
PRODUCTION. EMPHASIZING THAT THIS CONSULTATION WAS
PRIMARILY INTENDED TO CONVEY INFORMATION TO MOROCCAN
EMBASSY FOR TRANSMITTAL TO GOM, SMITH URGED BELKORA TO
MAKE EVERY EFFORT TO OBTAIN OFFICIAL RESPONSE FROM GOM,
PREFERABLY WRITTEN, BY COB MAY 3 SO THAT DEPARTMENT MAY
FORMULATE OVERALL POSITION IN TIME TO MEET DEADLINE AGREED
TO WITH GSA. BELKORA SAID HE WOULD DO SO.

7. SINCE CONSULTATION, EB/ISM HAS DEVELOPED FURTHER
INFORMATION ON CHEMICAL MANGANESE MARKET IN US. ON APRIL
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 STATE 078232

24, DIV CHIEF MET WITH MR. HAROLD W. LYNDE, EXECUTIVE
VICE PRESIDENT OF LE NICKEL SERVICES, INC., WHOLLY-
OWNED SUBSIDIARY OF SOCIETE LE NICKEL OF FRANCE. LATTER
COMPANY IS PART OF LARGE FRENCH METALS GROUP WHICH OWNS
49 PERCENT OF IMINI MINE. LYNDE'S COMPANY HAS JUST OB-
TAINED FRANCHISE TO MARKET ALL MOROCCAN CHEMICAL GRADE
MANGANESE IN US. LYNDE, AMCIT, VOLUNTEERED TO PROVIDE
AS MUCH INFORMATION AS POSSIBLE IN FEW DAYS. CURRAN
EXPECTS VISIT LE NICKEL SERVICES' NEW YORK OFFICE APRIL 27.

8. DEPT WOULD APPRECIATE EMBASSY'S ASSESSMENT OF SIGNI-
FICANCE OF CHEMICAL GRADE MANGANESE PRODUCTION AND EXPORT
TO MOROCCAN ECONOMY IN TERMS OF FOREIGN EXCHANGE EARNINGS,
EMPLOYMENT, GOVERNMENT REVENUES. OUR ESTIMATE IS IT PRO-
VIDES FRACTION OF ONE PERCENT OF FOREIGN EXCHANGE.

9. SUBSEQUENT TO CONSULTATION, GSA INFORMED DEPT THAT
IT HAS DECIDED FUTURE PROGRAM, UNLIKE CURRENT ONE, WILL
NOT HAVE FIXED PROPORTIONS OF TYPE A AND TYPE B ORES

(WHICH SHOULD MEAN MORE TYPE B SALES), AND RESTRICTION
AGAINST USE OF GSA TYPE B FOR HYDROQUINONE MANUFACTURE

WILL BE DROPPED. BELKORA HAS BEEN INFORMED. ROGERS

LIMITED OFFICIAL USE

NMAFVVZCZ

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 07 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE078232
Document Source: ADS
Document Unique ID: 00
Drafter: EB/ ISM: JCCURRAN: RDM
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730460/abqcemlz.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 70365
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Jan-2002 by boyleja>; APPROVED <25 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980129
Subject: STOCKPILE DISPOSAL CONSULTATIONS
TAGS: EIND, EMIN, ETRD, MO, US
To: RABAT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005